

CHAPTER 2016-34

No. 331 AN ORDINANCE AUTHORIZING THE CITY OF PROVIDENCE TO FINANCE THE DESIGN, CONSTRUCTION, REPAIR, REHABILITATION, REPLACEMENT AND IMPROVEMENT OF INFRASTRUCTURE IN THE CITY'S NEIGHBORHOODS, INCLUDING, BUT NOT LIMITED TO, STREETS, SIDEWALKS, PUBLIC PARKS, RECREATION FACILITIES, BRIDGES, SEWERS, DRAINAGE AND CITY BUILDINGS BY THE ISSUANCE OF NOT MORE THAN \$40,000,000 BONDS AND NOTES, AS AMENDED

Approved August 5, 2016

Be it ordained by the City of Providence:

WHEREAS, in the interest of public health and safety, the City of Providence (the "City") desires to undertake the design, construction, repair, rehabilitation, replacement and improvement of infrastructure in the City's neighborhoods, including, but not limited to, streets, sidewalks, public parks, recreation facilities, bridges, sewers, drainage and City buildings (the "Projects") and to finance the Projects through the issuance of bonds;

WHEREAS, the estimated maximum cost of the Projects is \$40,000,000;

WHEREAS, the average period of usefulness of the Projects is expected to be approximately twenty (20) years;

WHEREAS, the Bonds will be within all debt and other limitations prescribed by the Constitution and laws of the State of Rhode Island and the net general obligation debt of the City (secured by the full faith and credit and taxing power of the City) after the issuance of the Bonds is expected to be \$88,655,000.

NOW THEREFORE, BE IT ORDAINED BY THE CITY OF PROVIDENCE:

SECTION 1. In addition to sums heretofore appropriated, the sum of \$40,000,000 is appropriated to finance the Projects.

SECTION 2. Bonds may be issued pursuant to the authority of this ordinance if a majority of the electors of the City has approved the loan. The question of the approval of the loan shall be placed before the qualified electors of the City of Providence at the state general election to be held on November 8, 2016, shall be submitted in substantially the following form:

"Shall an Ordinance of the City Council effective on _____, 2016 authorizing the issuance of up to \$40,000,000 general obligation bonds of the City to finance the design, construction, repair, rehabilitation, replacement and improvement of infrastructure in the City's neighborhoods, including, but not limited to, streets, sidewalks, public parks, recreation facilities, bridges, sewers, drainage and City buildings, pursuant to Rhode Island General Laws § 45-12-2 and § 807 of the City's Home Rule Charter, be approved?"

SECTION 3. Pursuant to Rhode Island General Laws § 45-12-2 and Section 807(e) of the Providence Home Rule Charter, the City Treasurer and the Mayor may issue general obligation bonds of the City in an amount not to exceed \$40,000,000 (the "Bonds") in order to meet the foregoing appropriation.

SECTION 4. Notwithstanding any use of the word "Note" in this ordinance, no Bond Anticipation Notes shall be issued.

SECTION 5. The manner of sale, forms, amount, denominations, maturities, conversion or registration privileges, interest rates, and other conditions and details of the Bonds authorized herein shall be fixed by the said officers.

SECTION 6. The City Treasurer and the Mayor, acting on behalf of the City, may issue the Bonds for the purposes set forth herein and to take all actions as they deem necessary to effect the issuance of Bonds as authorized by City Council. The Bonds shall be issued by the City under its corporate name and seal or a facsimile of such seal. The Bonds may be signed by the manual or facsimile signature of the City Treasurer and the Mayor.

SECTION 7. Prior to voter approval, a resolution containing an itemized spending plan shall be submitted by the Director of Finance and City Treasurer to the City Council for approval. The City Treasurer and the Mayor are hereby authorized and may take all actions, on behalf of the City, necessary to ensure that interest on the Bonds will be excludable from gross income for federal income tax purposes and to refrain from all actions which would cause interest on the Bonds to become subject to federal income taxes.

SECTION 8. The Bonds may be issued either alone or consolidated with other issues of bonds of the City.

SECTION 9. The City's Finance Director is authorized to execute and deliver: continuing disclosure certificates in connection with the Bonds issued by the City, in such form as shall be deemed advisable by the City's Finance Director. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of each continuing disclosure certificate, as it may be amended from time to time. Notwithstanding any other provision of this ordinance or the Bonds, failure of the City to comply with any continuing disclosure certificate shall not be considered an event of default; however, any bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this ordinance and under any continuing disclosure certificate.

SECTION 10. The City Treasurer and the Mayor are also authorized, empowered and directed, on behalf of the City, may: (i) execute, acknowledge and deliver any and all other documents, certificates or instruments necessary to effectuate such borrowing, including, without limitation, a Preliminary Official Statement and a final Official Statement, all in such form and with such provisions as such officer shall deem advisable; (ii) amend, modify or supplement the bonds and any and all other documents, certificates or instruments at any time and from time to time, in such manner and for such purposes as such officers shall deem necessary, desirable or advisable; (iii) do and perform all such other acts and things deemed by such officers to be necessary, desirable or advisable with respect to any matters contemplated by this ordinance in order to effectuate said borrowing and the intent hereof.

SECTION 11. This ordinance is an affirmative action of the City Council of the City of Providence toward the issuance of Bonds in accordance with the purposes of the laws of the State. This ordinance constitutes the City's declaration of official intent pursuant to Treasury Regulation Section 1.150-2 to reimburse the City's General Fund for certain capital expenditures for the Projects paid on or after the date which is sixty (60) days prior to the date of this ordinance, but prior to the issuance of the Bonds. Such amounts to be reimbursed shall not exceed \$40,000,000, and shall be reimbursed not later than eighteen (18) months after (a) the date on which the expenditure is paid, or (b) the date a Project is placed in service or abandoned but in no event later than three (3) years after the date the expenditure is paid.

SECTION 12. A minimum of fifty-percent (50%) of total borrowing shall be equitably distributed throughout the fifteen wards in the City.

SECTION 13. This ordinance shall take effect upon passage.

I HEREBY APPROVE.

IN CITY COUNCIL
AUG 02 2016

FIRST READING
READ AND PASSED

[Signature]
CLERK

IN CITY
COUNCIL
AUG 04 2016

FINAL READING
READ AND PASSED

[Signature]
PRESIDENT
[Signature]
CLERK

[Signature]
Mayor
Date: 8/5/16

Lawrence J. Mancini
Finance Director



Jorge O. Elorza
Mayor

Finance Department
"Building Pride In Providence"

FISCAL IMPACT NOTE

July 12, 2016

Honorable John J. Igliazzi,
Chairman
City Council Finance Committee
Providence City Hall
25 Dorrance Street
Providence, Rhode Island 02903

Re: Proposed \$40 million General Obligation Bonds

Dear Chairman Igliazzi and Honorable Members of the City Council Finance Committee:

Set forth below is a fiscal impact note related to the proposed \$40 million General Obligation Bonds (the "Bonds").

Upon authorization by the Providence City Council, the issue will be placed on the November 8, 2016 ballot. An early 2017 initial issuance is projected. The Bonds will be issued to fund infrastructure projects and are expected to mature not later than twenty (20) years from the date of issuance.

The principal and interest payments are estimated as shown on the attached Schedule A based on a projected net interest cost of 4.955%, assuming the bonds are issued in two tranches, with the initial tranche first issued as Bond Anticipation Notes as summarized in the attached Projected Financing Timeline Table and Schedule B. The estimated interest cost is based upon the current market plus 2.50% and is subject to change with actual market rates at the time of issuance.

Respectfully yours,

A handwritten signature in cursive script that reads "Lawrence J. Mancini".

Lawrence J. Mancini
Finance Director

CC:
Tony Simon, Chief of Staff
Brett P. Smiley, Chief Operating Officer
Sara Silveria, Deputy Finance Director
James J. Lombardi, City Treasurer and Senior Advisor to City Council
Matthew M. Clarkin, Internal Auditor

City of Providence

Projected Financing Timeline*

Assumptions

11/8/2016	Bond Question to the Voters	
11/15/2016 through 12/30/2016	Prepare Bond Anticipation Note ("BAN"); RFP to banks for a direct purchase Choose bank and draft documents	<u>BAN Assumptions*</u> \$20 million BAN Use of proceeds: \$45,000 cost of issuance \$19,955,000 available for projects Issued 1/18/2017 Matures 1/17/2018 2.00% projected interest rate \$398,889 in interest due at maturity
1/3/2017 through 1/12/2017	Finalize documents for BAN	
1/13/2017	Lock rate and run numbers for BAN	
1/18/2017	Close BAN (funds to City)	
11/1/2017 through 12/30/2017	Prepare for Bond Issue: Gather financing team Draft offering documents and disclosure Rating Agency Presentation Decide on structure and run preliminary numbers	<u>Bond Assumptions*</u> Par Amount: \$40,000,000 Use of proceeds: \$20,398,889 payment of principal & interest on BAN \$150,000 cost of issuance** \$160,000 underwriter's discount** \$19,291,111 available for additional projects** Issued 1/17/2018 Matures 1/15/2038 4.95% projected interest rate Semi-annual principal and interest beginning 7/15/2018
1/9/2018	Price Bonds	
1/17/2018	Bond Issue Closes (funds pay off BAN principal & interest and remaining new project funds to City)	
7/15/2018	First Interest payment on the Bonds (first budgetary outlay for debt service)	
1/15/2019	First Principal payment on the Bonds	
1/15/2038	Bonds mature (assuming 20-year final maturity)	

*Example; for discussion purposes only and subject to change.

**Depends upon size of bond issue.

As of July 11, 2016

PROTECTIONS SUBJECT TO CHANGE. FOR DISCUSSION PURPOSES ONLY.

PROJECTED BOND DEBT SERVICE
City of Providence, Rhode Island
General Obligation Bonds, Series 2018
Preliminary/Subject to Change
Dated Date 01/17/2018

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
6/30/2018	\$ -	\$ -	\$ -
6/30/2019	1,290,000	1,894,741	3,184,741.17
6/30/2020	1,330,000	1,852,418	3,182,418.00
6/30/2021	1,385,000	1,801,213	3,186,213.00
6/30/2022	1,440,000	1,745,813	3,185,813.00
6/30/2023	1,500,000	1,686,053	3,186,053.00
6/30/2024	1,560,000	1,622,153	3,182,153.00
6/30/2025	1,630,000	1,553,513	3,183,513.00
6/30/2026	1,705,000	1,480,326	3,185,326.00
6/30/2027	1,780,000	1,402,237	3,182,237.00
6/30/2028	1,865,000	1,318,399	3,183,399.00
6/30/2029	1,955,000	1,229,625	3,184,625.00
6/30/2030	2,050,000	1,135,590	3,185,589.50
6/30/2031	2,150,000	1,035,960	3,185,959.50
6/30/2032	2,255,000	930,610	3,185,609.50
6/30/2033	2,365,000	818,987	3,183,987.00
6/30/2034	2,480,000	700,737	3,180,737.00
6/30/2035	2,610,000	575,497	3,185,497.00
6/30/2036	2,740,000	442,909	3,182,909.00
6/30/2037	2,880,000	302,895	3,182,895.00
6/30/2038	3,030,000	155,439	3,185,439.00
	<u>\$ 40,000,000.00</u>	<u>\$ 23,685,113.67</u>	<u>\$ 63,685,113.67</u>

PROJECTED BOND DEBT SERVICE
City of Providence, Rhode Island
Bond Anticipation Note, 2017
Preliminary/Subject to Change
Dated Date 01/18/2017

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
6/30/2018	\$ 20,000,000	\$ 398,889	\$ 20,398,889
	\$ 20,000,000	\$ 398,889	\$ 20,398,889

Overview of Tax-Supported Debt Outstanding

All Transactions Through June 30, 2016

As of June 30,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Obligation Bonds										
General Obligation Taxable Bonds 2001 Series B	\$ 7,885,000	\$ 7,300,000	\$ 6,680,000	\$ 6,020,000	\$ 5,315,000	\$ 4,565,000	\$ 3,765,000	\$ 2,915,000	\$ 2,005,000	\$ 1,035,000
General Obligation Refunding Bonds, Series 2010A	24,845,000	22,820,000	20,705,000	18,505,000	16,205,000	13,805,000	11,300,000	8,680,000	5,925,000	3,035,000
Infrastructure Lease 2010	4,655,000	2,385,000	-	-	-	-	-	-	-	-
General Obligation Bonds, Series 2013A	35,040,000	33,610,000	32,125,000	30,580,000	28,955,000	27,250,000	25,460,000	23,580,000	21,645,000	19,650,000
General Obligation Refunding Bonds, Series 2014A	11,080,000	8,355,000	5,495,000	2,770,000	-	-	-	-	-	-
General Obligation Refunding Bonds, Series 2014B	5,110,000	4,020,000	2,915,000	1,505,000	-	-	-	-	-	-
Total General Obligation Debt	\$ 88,615,000	\$ 78,490,000	\$ 67,920,000	\$ 59,380,000	\$ 50,475,000	\$ 45,620,000	\$ 40,525,000	\$ 35,175,000	\$ 29,575,000	\$ 23,720,000
Providence Public Building Authority										
Revenue Bonds, 1998 Series A	\$ 775,000	\$ 530,000	\$ 270,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds, 1999 Series A	970,000	745,000	510,000	260,000	-	-	-	-	-	-
Revenue Bonds, 2001 Series A	950,000	810,000	665,000	510,000	350,000	180,000	-	-	-	-
RIHEBC Revenue Bonds, 2007 Series A	3,465,000	-	-	-	-	-	-	-	-	-
RIHEBC Revenue Bonds, 2007 Series B	6,760,000	5,495,000	4,185,000	2,820,000	1,400,000	-	-	-	-	-
RIHEBC Revenue Bonds, 2007 Series C	3,460,000	-	-	-	-	-	-	-	-	-
Revenue Bonds, 2009 Series A (Build America Bonds)	6,097,000	5,025,000	3,883,000	2,668,000	1,375,000	-	-	-	-	-
RIHEBC QSCB Bonds, Series 2009A	13,446,000	11,960,000	10,480,000	9,000,000	7,520,000	6,040,000	4,560,000	3,040,000	1,520,000	-
Revenue Bonds, 2010 Series	6,797,170	4,165,672	1,418,516	-	-	-	-	-	-	-
RIHEBC QSCB Bonds, Series 2010A	8,868,889	8,868,889	8,868,889	8,868,889	8,868,889	8,868,889	8,868,889	8,868,889	8,868,889	8,868,889
RIHEBC QZAB Bonds, Series 2010B	6,980,278	6,980,278	6,980,278	6,980,278	6,980,278	6,980,278	6,980,278	6,980,278	6,980,278	6,980,278
Revenue Bond, 2011 Series A	26,120,000	24,070,000	21,915,000	19,650,000	17,270,000	14,770,000	12,145,000	9,365,000	6,420,000	3,300,000
RIHEBC, Revenue Refunding Bonds, Series 2013A	47,210,000	38,405,000	30,725,000	22,870,000	17,010,000	12,770,000	8,320,000	4,255,000	-	-
RIHEBC, Revenue Refunding Bonds, Series 2015A	146,325,000	142,695,000	131,625,000	120,210,000	108,455,000	96,235,000	83,530,000	70,310,000	56,575,000	42,310,000
RIHEBC, Revenue Bonds, Series 2015B	10,000,000	9,720,000	9,300,000	8,870,000	8,430,000	7,985,000	7,530,000	7,060,000	6,580,000	6,085,000
Total PPBA Debt	\$ 288,218,336	\$ 259,469,839	\$ 230,825,683	\$ 193,837,167	\$ 169,229,167	\$ 145,844,167	\$ 124,404,167	\$ 102,819,167	\$ 80,364,167	\$ 61,459,167
Providence Redevelopment Agency										
Taxable Lease Revenue Bonds, 2010 Series 1	\$ 4,640,000	\$ 2,841,000	\$ 967,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Refunding Bonds, 2015 Series A	42,550,000	39,615,000	36,590,000	33,440,000	30,770,000	27,965,000	25,025,000	21,940,000	18,695,000	15,285,000
Total PRA Debt	\$ 47,190,000	\$ 42,456,000	\$ 37,557,000	\$ 33,440,000	\$ 30,770,000	\$ 27,965,000	\$ 25,025,000	\$ 21,940,000	\$ 18,695,000	\$ 15,285,000
TOTAL TAX SUPPORTED DEBT	\$ 424,023,336	\$ 380,415,839	\$ 336,302,683	\$ 286,657,167	\$ 250,474,167	\$ 219,429,167	\$ 189,954,167	\$ 159,934,167	\$ 128,634,167	\$ 100,464,167

**Neighborhood Infrastructure Bond 2016
Allocation**

Project	Bond \$ (In Millions)
Streets	22
Sidewalks	4.5
Bridges	3
Sewers & Stormwater	4.5
Parks Infrastructure	2
City Buildings	4
TOTAL	40